

# **EXHIBIT A**

*In the Matter of Updating the Intercarrier Compensation Regime to  
Eliminate Access Arbitrage, WC Docket No. 18-155*



BTC, Inc. d/b/a Western Iowa Networks, Goldfield Access Network, Great Lakes Communication Corp., Louisa Communications, Northern Valley Communications, LLC, and OmniTel Communications (collectively “CLECs”)

# Introduction

- **The Competitive Local Exchange Carriers (“CLECs”)** are rural carriers that provide telephone, Internet, cellular, cable, and many other services to rural citizens and businesses. They also participate in access stimulation. They include:
  - BTC, Inc. d/b/a Western Iowa Networks (Iowa)
  - Goldfield Access Network (Iowa)
  - Great Lakes Communications Corp. (Iowa)
  - Northern Valley Communications, LLC (South Dakota)
  - Louisa Communications (Iowa)
  - OmniTel Communications (Iowa)

# Introduction

- **The Free Conference Calling Beneficiaries** are the more than *5 million* individuals and organizations across the country that use conference calling & audio broadcasting services hosted by the CLECs. They include:
  - Nonprofit Organizations
  - Small Businesses
  - Religious Institutions
  - Political Campaigns
  - Government Agencies
  - Immigrant Populations

# Introduction

- **November 2011 – Connect America Fund Order:**
  - FCC totally reforms ICC and access charge regime, establishing bill-and-keep as the “ultimate end state” and transitioning terminating access end office rates to zero. Originating access rates and terminating rates for tandem switching remain unchanged.
- **Post-Connect America Fund Order:**
  - Access-stimulating CLECs accept substantially reduced access charge rates, determining that doing so presents the best opportunity to continue to provide enhanced broadband services to rural end users and provide free conference calling services to millions of Americans.
- **October 2017 – Refreshing the ICC Record:**
  - FCC seeks to refresh the record on intercarrier compensation and inquires about further reductions in access charges. Commenters implore the FCC to avoid further reforms until it gathers the necessary data and evidence. The record remains open.
- **June 2018 – Access Stimulation NPRM:**
  - Without new, post-2011 data and evidence, FCC proposes sweeping reforms at the behest of IXC’s unsupported allegations that are contrary to FCC precedent and its goal of a bill-and-keep end state, as well as against free conference calling customers’ wishes and needs.

# Introduction

- Since the *Access Stimulation NPRM* was released:
  - The **CLECs have provided the FCC with facts, data, and evidence** proving that further reforms to the access stimulation regime are not necessary and, if implemented, would harm consumers.
  - The CLECs have further **substantiated their findings with an economic analysis** conducted by Dr. Daniel E. Ingberman, proving that the current access stimulation market is efficient and benefits consumers.
  - **Over 750 citizens** have come forward **expressing their concerns** with the FCC's proposed access stimulation reforms.
  - The **CEA providers and IXCs have provided no facts, data, or evidence** to substantiate their allegations of consumer harm.
  - The **FCC has not acted upon the CLECs' request** that further data analysis be conducted, **nor has the FCC issued any data requests**.

# **EXPERT REPORT OF DR. DANIEL E. INGBERMAN**

# Ingberman Expert Report

- Areas of Evaluation:

1. Is access stimulation efficient as it is currently arranged?
2. Would the Commission's proposed regulations and/or the reallocation of access stimulation traffic, in general, make the arrangement more efficient?
3. Does access stimulation benefit or harm consumers?



# Access Stimulation is Efficient

- Siting access stimulation in smaller (*i.e.*, rural CLEC) networks is efficient because:
  - When smaller network traffic volumes increase, the costs and rates associated with transporting the traffic over the smaller networks fall substantially.
  - When costs and rates fall, the smaller networks' gains in consumer surplus exceed the larger (*i.e.*, urban IXC) networks' gains by more than the amount needed to subsidize the increased traffic volumes.

# New Regulations Will Not Improve Efficiency

- Imposing new rules that reallocate existing access stimulation traffic will not improve efficiency because:
  - Based on economies of scale, existing access stimulation market arrangements are already at market equilibrium.
  - Altering the market equilibrium that exists will only displace this equilibrium, creating minimal gain for larger networks and substantial losses for smaller networks.
  - The access stimulation arrangements that exist operate under DeGraba's bill-and-keep end state, which the FCC previously recognized as the operative efficient marketplace for access stimulation traffic.

# Access Stimulation Benefits Consumers

- The current access stimulation regime benefits consumers because:
  - The additional traffic volume obtained by smaller networks engaging in access stimulation enables scale economies in those networks.
  - The smaller networks' enabling of scale economies translates into lower prices for the smaller networks, which mean lower prices for end users (*i.e.*, consumers).
  - The smaller networks' reduction in prices is more substantial than any reduction that could possibly occur in larger networks, which results in higher net savings for consumers.

# CONSUMER PERSPECTIVES

# Consumer Perspectives

- As of September 26, 2018, ***over 750 comments*** have been filed by citizens who benefit from free conference calling services.
- Specific service/organization sectors referenced include:
  - Healthcare Services & Illness Support Groups;
  - Non-Profit Organizations;
  - Pro Bono Legal Services;
  - Religious Organizations & Faith-Based Support Groups;
  - Twelve-Step Programs & Other Addiction Support Networks; and
  - Veteran Service Organizations & Veteran Support Groups.
- Most importantly, free conference calls benefit the poor and rural communities, who would likely go without the services these calls provide if they had to pay for them.

# Healthcare Services & Illness Support Groups

- Sharon F. of Blue Springs, Missouri, find free conference calls to be extremely “valuable” given her precarious situation:

**I am disabled.** I use free conferencing calls as a way to supplement my therapy. My carrier, Verizon, charges me for unlimited calling. Calling into ... support groups should not cost me more than what I already pay. **These conference calls are valuable to me, as well as thousands of other Americans who can't drive or afford to seek services outside the home.**

# Non-Profit Organizations

- Lee P. of Raleigh, North Carolina, reminds the FCC that it is not just individuals that rely on free conference calling services, but also those non-profit organizations that provide services to individuals

As a retiree who volunteers his services to non-profits and others I make extensive use of free conference calling. **Not having this service available will negatively affect my ability to support these non-profit organizations.** As a taxpayer, a voter, and a free conference calling client, I ask you to please reconsider acting on WC Docket No. 18-155.

- Christine K. of Winnebago, Illinois, makes a similar statement:

**Sometimes this is the only way some groups can afford to communicate.** Keep free-conference calls FREE!

# Pro Bono Legal Services

- Alicia P. of San Francisco, California, states that, without free conference calling services, she would not be able to adequately represent her clients:

I am a court appointed attorney for indigent clients in San Francisco, CA juvenile dependency cases. **I use free conference calling to facilitate case collaboration on my cases representing abused and neglected children and their families....** [I]f the FCC does decide to remove these services, I and millions of other American citizens and American businesses will be immediately and negatively affected. We will no longer be able to use these services for free and will instead be forced to pay.



# Religious Organizations & Faith-Based Support Groups:

- Curtis F. of Brookville, Ohio, notes that, without free conference calling services, “hundreds” of his church’s worshipers would have to forego attending religious services:

We as a church group have hundreds of worshipers who for various reasons listen to our preaching, singing, news information, prayer groups, and support groups through free conference calling services. **Some of our members would not be able to afford paying for extended long distance charges for this service....** I am praying that you will carefully consider my request.

# Twelve-Step Programs & Other Addiction Support Networks

- Terry M. of Goldvein, Virginia, recognizes how important these calls are for his (and others') recovery from addiction:

I strongly urge you to allow the free conference calling lines to remain free. As a citizen not only myself, but many others I know have benefitted tremendously and in myriad ways from 12 step support meetings and various other support communities offered by this service. **They have offered me physical, mental, emotional and spiritual support on a daily basis for years, and [I] am certain they have done the same for others.** Their value is tremendous and doesn't just benefit each individual alone (and they have literally saved the lives of some!) but also benefit communities, families, employers, neighbors and the population as a whole. **Without the calls being free many will have no access at all to these vital resources and human connections.** Please allow them to continue.

# Veteran Service Organizations & Veteran Support Groups

- Many Veterans rely on free conference calls to cope with service-related illnesses/injuries and/or to help Veteran communities. For example:
  - **The United States Military's Survivor Outreach Services at Joint Base Lewis McChord** in Washington state uses free conference calls to provide timely information to Gold Star families who have recently lost a family member in service.
  - **The San Diego Veterans Coalition** coordinates monthly conference calls among various Veteran organizations that participate in a Family Life Action Group, which seeks to strengthen the nation's commitment to engaging and supporting post-discharge military families.
  - **The New Hampshire Justice Involved Veterans Task Force** uses conference calls to conduct meetings and address the unique needs of Veterans, particularly focusing on those diagnosed with service-related illnesses and/or who have ongoing legal issues.
- Many Veterans also frequently use conference calls to interact with Twelve-Step programs and addiction support networks.

# Poor & Rural Communities

- Scott K. of Great Neck, New York, points out that free conference calls are “invaluable” to those who can afford little:

Free conference calling has proven invaluable to the 12-step community – of which I am a member - and **without it, countless people who cannot afford paid conference calling will lose the help that they need which will result in needless suffering and death.** Please don't end free conference calling.

**CASE STUDY:**  
**HOW FREE CONFERENCE CALLS**  
**BENEFIT AMISH & MENNONITE**  
**COMMUNITIES**

# Case Study: How Free Conference Calls Benefit Amish & Mennonite Communities

- According to Gary Blosser, free conference calls provide these groups with the following benefits:
  - Agricultural Updates & Training Sessions;
    - Including discussions regarding bee keeping, dealer outreach, intensive grazing, sales, and soil fertility
  - Daily News & Events Updates.
    - Including community notices regarding accidents, deaths, weddings, and prayer requests
  - Healthcare & Family Support Services;
    - Including conference calls dedicated to the handicap and those who recently lost family members
  - Natural Disaster & Emergency Response Updates;
    - Live updates during and after the 2006 West Nickel Mines School shooting in Nickel Mines, PA
    - Disaster planning and disaster response updates during and after Hurricane Florence
  - Religious Services; and
    - Including local church service broadcasts, funerals, minister meetings, and prayer groups

# Case Study: How Free Conference Calls Benefit Amish & Mennonite Communities

- From August 21, 2018, to September 24, 2018, **10,791 unique phone numbers** have dialed into the Amish & Mennonite Conference Line:
  - Healthcare & Family Support Services:
    - On 1 Thursday night conference call dedicated to the handicap, a maximum of **2,200 homes** listened in.
  - Natural Disaster & Emergency Response Updates:
    - The day of the 2006 West Nickel Mines School shooting, **over 700 homes** joined a conference line for regular updates and **over 1,000 homes** joined a call the following day for further updates.
  - Religious Services:
    - On a weekly basis, **over 140 Amish and Mennonite churches** broadcast their Sunday services over their local conference line for the sick and elderly in their community.

# Case Study: How Free Conference Calls Benefit Amish & Mennonite Communities

- Without free access to conferencing lines, the Amish & Mennonite communities across America would:
  - **Lose access to agricultural & healthcare services**, making it extremely difficult for individuals to improve their lives and their communities;
  - **Lose access to neighboring communities**, making it extremely difficult to receive important news updates and stay in touch with family members;
  - **Lose access to religious services**, thus forcing hundreds of sick and elderly Amish & Mennonite people to forego an important part of their daily lives; and
  - **Lose access to their language and history**, damaging their heritage, traditions, and way of life.



# FINAL THOUGHTS

# Further Reform Is Not Necessary

- According to Dr. Ingberman's expert analysis, the current access stimulation regime:
  1. Does not harm consumers;
  2. Is efficient; and
  3. Will not become more efficient by imposing new regulations or reallocating existing access stimulation traffic.
- According to citizen comments, free conference calling services:
  1. Provide consumers access to programs that they desperately need, including healthcare, addiction, and religious services.
  2. Provide consumers – especially in poor and rural communities – with support networks that they would not be able to otherwise afford or have access to.

# If Further Reform is Necessary, So Is Further Research, Data, and Evidence

- The IXC's have demanded reforms by misleading the FCC through their anecdotes, hypothesis, and hysteria, rather than current data and evidence:

Unsubstantiated Allegations	Available Evidence Shows
IXCs will pass on further savings to consumers.	IXCs have pocketed savings as long-distance plans continue to rise in price.
Consumers are harmed by access stimulation.	Consumers nationwide save approximately \$78 million per year using their long-distance plans to access free conferencing and similar services, and because of these services rural CLECs are able to assist underserved rural networks.
IXCs are harmed by paying access charges at rates established by the <i>Connect America Fund Order</i> .	IXCs profit substantially from delivering both wholesale and retain access stimulation traffic.
Access stimulation deters broadband deployment.	Thanks to access stimulation, rural CLECs have invested more than \$47 million in broadband deployment since 2011.

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Unsubstantiated Allegations	Available Evidence Shows
Access stimulation has become more widespread since 2011.	There has been a substantial decline in the volume of access stimulation traffic billed pursuant to tariff, thanks to CLECs voluntarily entering into IP-interconnection arrangements.
Access stimulation involves high switched access rates.	The CLECs' benchmarked rates are at or below the rates charged by the largest price cap ILEC, PacBell, an AT&T affiliate.
Access-stimulating LECs circumvent the FCC's rules by interposing intermediate providers.	There is no evidence showing the CLECs are violating the rules imposed by the <i>Connect America Fund Order</i> .
IXCs requested & were denied true direct connections.	IXCs have never requested true direct connections, but rather "virtual direct connections" through third-party carriers; IXCs now dismiss the direct connection proposal as something they desire.

# Thank You

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